



TSX-V: **BITF**

SECOND QUARTER 2019 CONSOLIDATED FINANCIAL RESULTS
AUGUST 29, 2019

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This presentation makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures including “EBITDA,” “EBITDA margin,” “Adjusted EBITDA,” “Adjusted EBITDA margin,” “Gross mining profit,” and “Gross mining margin” as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective.

EBITDA and EBITDA margin are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Adjusted EBITDA and Adjusted EBITDA margin are measures used to assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. Gross mining profit and Gross mining margin are measures used to assess profitability after power costs in cryptocurrency production, the largest variable expense in mining. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets.

“EBITDA” is defined as net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization. “EBITDA margin” is defined as the percentage obtained when dividing EBITDA by Revenue. “Adjusted EBITDA” is defined as EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; and (iv) other non-cash expenses. “Adjusted EBITDA margin” is defined as the percentage obtained when dividing Adjusted EBITDA by Revenue. “Gross mining profit” is defined as Revenue minus energy expenses for the Bitfarms segment of the Company. “Gross mining margin” is defined as the percentage obtained when dividing Gross mining margin by Revenue for the Bitfarms segment of the Company.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

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Webcast Presenters

SECOND QUARTER 2019 CONSOLIDATED FINANCIAL
RESULTS - AUGUST 29, 2019



Wes Fulford
Chief Executive Officer



John Rim
Chief Financial Officer

Operational highlights



41% increase in installed computing capacity

- From ~220 PH/s in Q1 2019 to 308 PH/s as of June 30, 2019
- 3,267 new generation ASIC miners installed producing ~90 PH/s



Positive Energy Board Decision

- On April 29, 2019, the Energy Board rejected Hydro Québec's targeted rate increase for cryptocurrency miners
- Bitfarms current contracted power cost unchanged



New generation high efficiency miners

- Hardware purchases and deposits of US\$11.1M have been made to suppliers to secure delivery of new Miners in the third and fourth quarters of 2019



US\$2,259 Bitcoin break even*

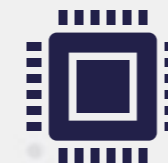
- 974 Bitcoin mined in Q2 2019

* Break-even is based on the variable cost of electricity and is calculated by taking the total electricity cost related to the mining of each Bitcoin divided by the total number of Bitcoin mined during the period



Infrastructure buildout at Sherbrooke

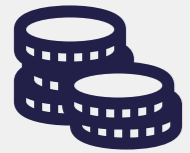
- Nearing completion of phase 1 and 2 buildout in Sherbrooke, QC which will add an additional 30 MW of installed computing capacity



97% Power usage efficiency

- No reliance on HVAC, with majority of electricity consumed directly for computing power
- Professionally built infrastructure using thermodynamic technology for air circulation and cooling

Corporate highlights



US\$20M Debt Financing

- Utilized to optimize current operations and build phase 1 & 2 of a new computing centre in Sherbrooke Quebec



Commenced trading on TSXV under the symbol "BITF"

- First cryptocurrency company to successfully go through the "front door" of the Ontario Securities Commission with a long form prospectus



Consolidation of 100% Ownership of Operating Entity

- Simplified capital structure consolidating 100% ownership of cash flow from operations from subsidiaries of the Company into Bitfarms



Bitfarms' Board of Directors and employees opened the Market on August 12, 2019

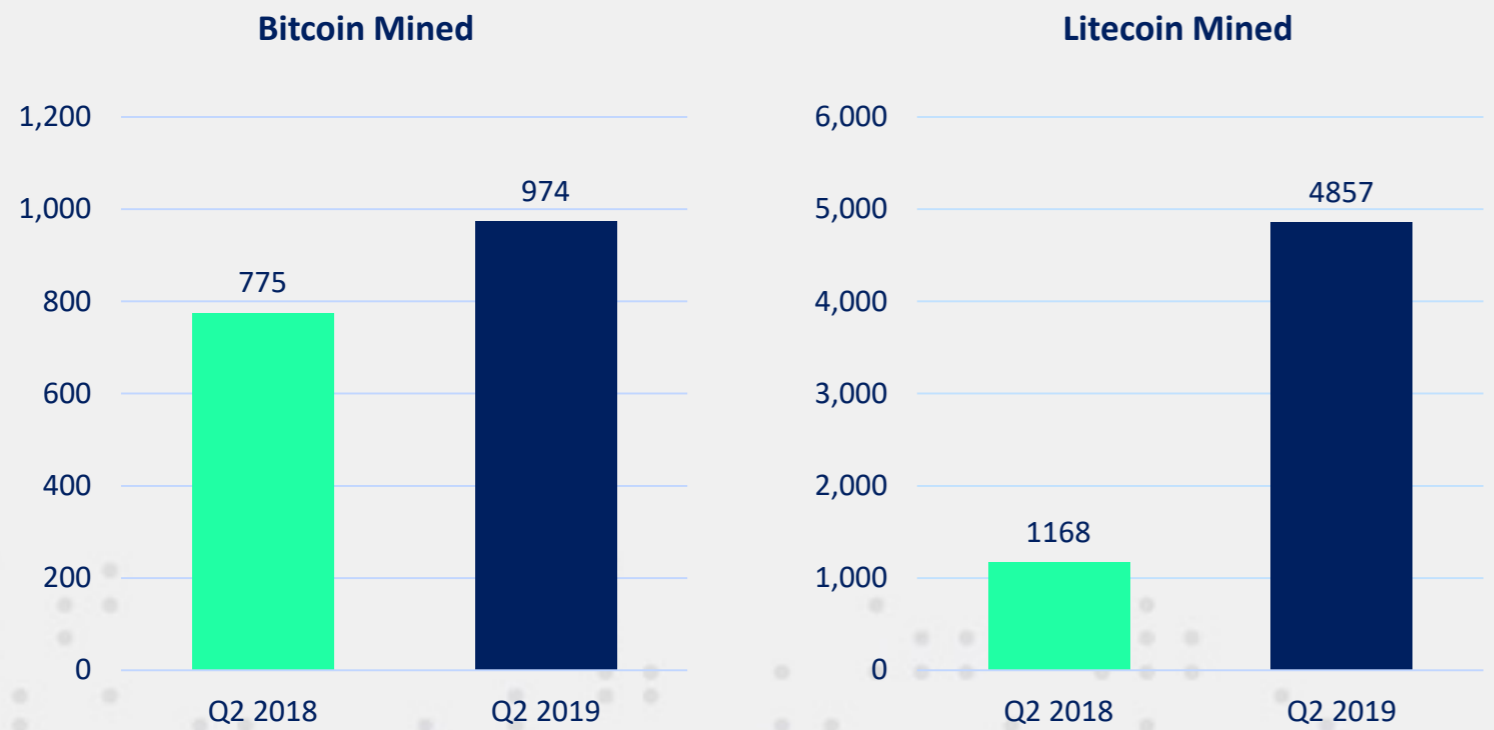
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Financial Highlights

SECOND QUARTER 2019 CONSOLIDATED FINANCIAL
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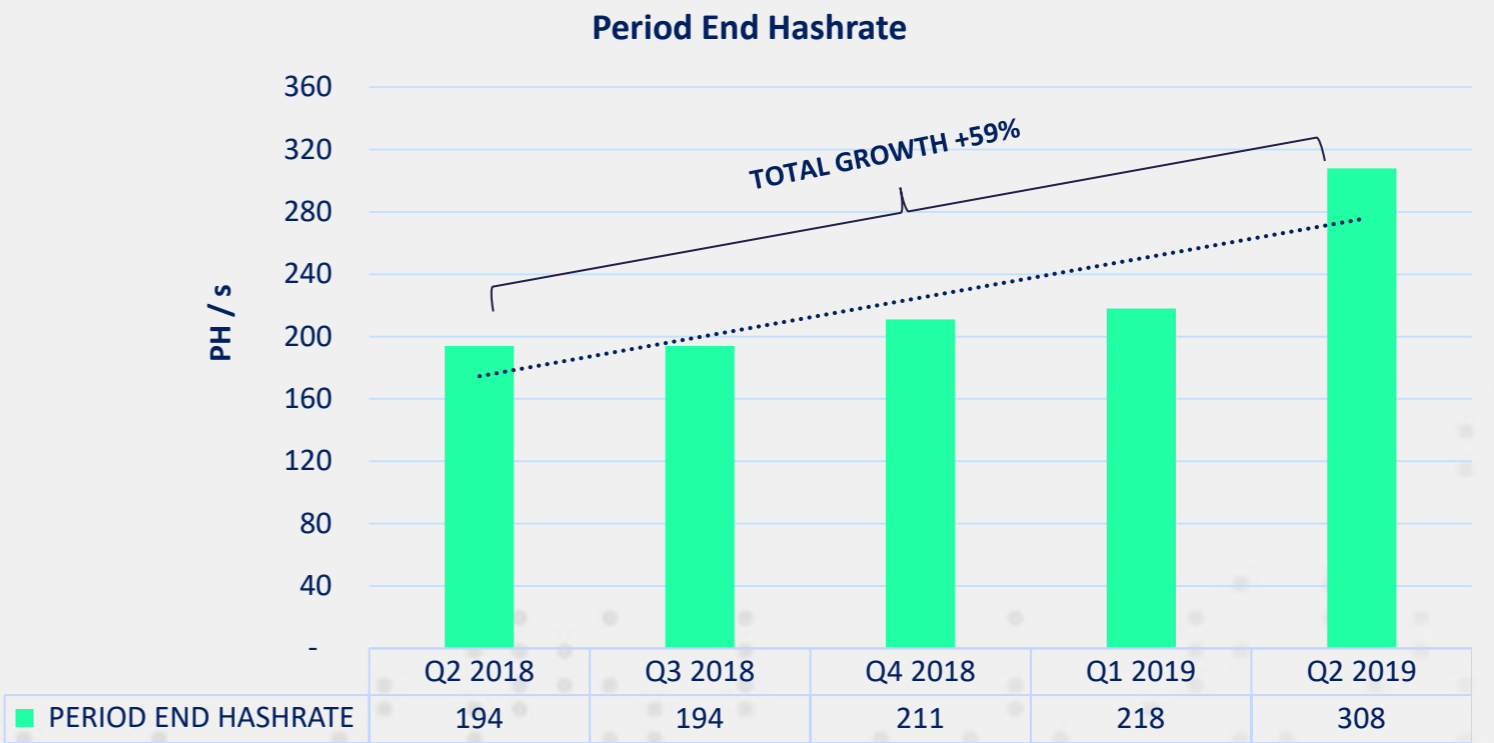
Coins mined & hash power growth

Bitcoin mining represents +94% of total revenue



Note: Other altcoins mined during Q2 2018 not included above were 1,527 Bitcoin Cash, 220 Dash and 259 Ethereum.

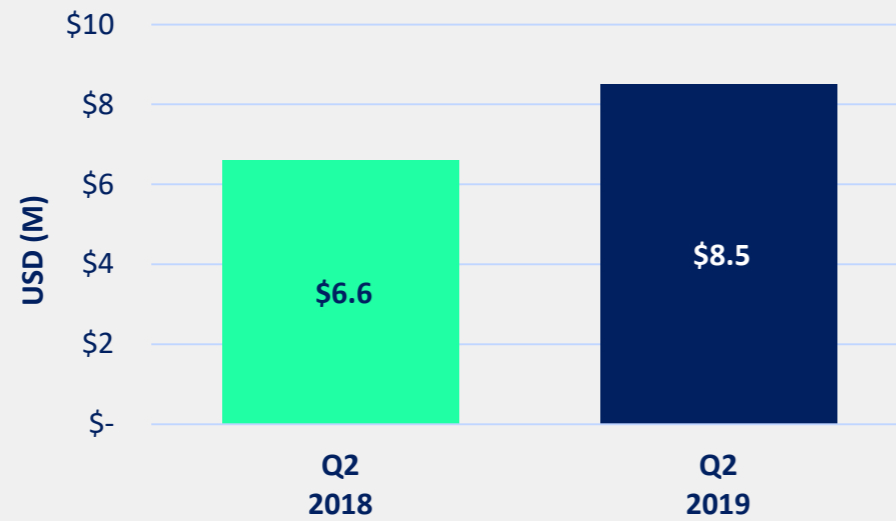
59% growth in operational hash power



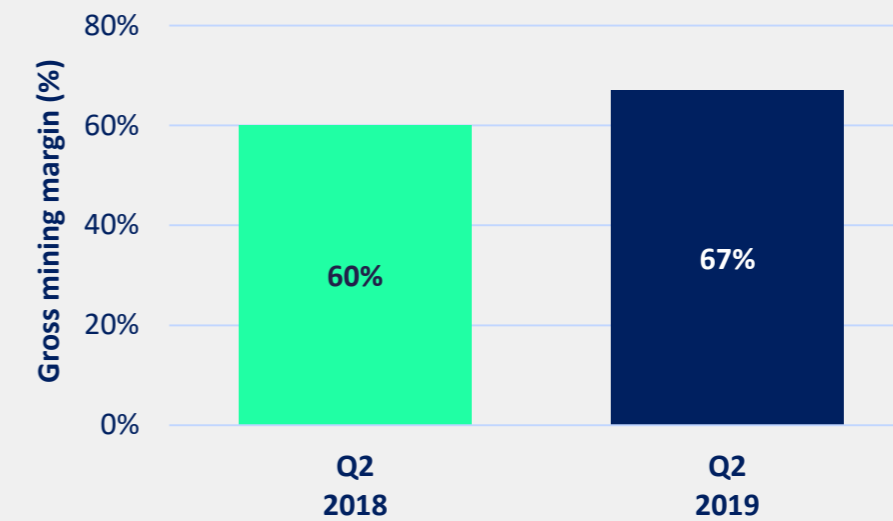
Financial highlights

\$2,259 USD / Bitcoin Break-even ⁽¹⁾ cost of producing 1 Bitcoin

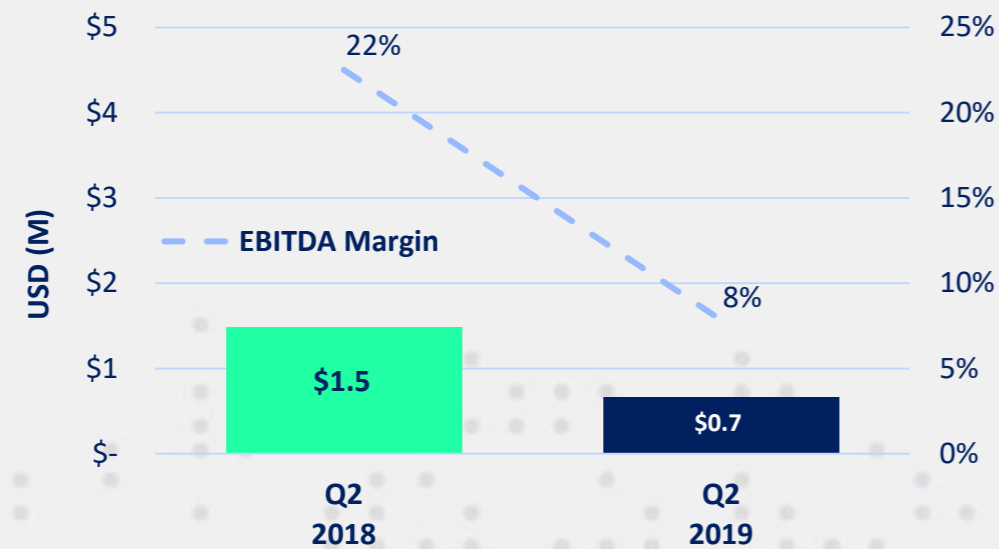
Revenue*



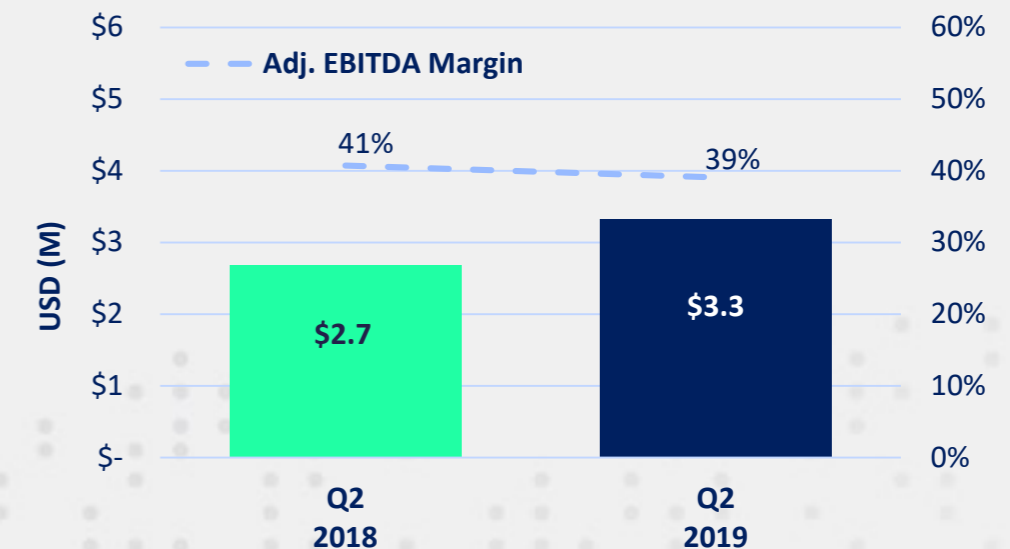
Gross Mining Margin ⁽³⁾



EBITDA ⁽²⁾



Adjusted EBITDA ⁽⁴⁾



*Revenue is recognized only when mined cryptocurrency is sold (i.e. exchanged into FIAT). Unsold cryptocurrency is held in inventory at mining cost.

⁽¹⁾ Average break-even cost of producing 1 Bitcoin based on electricity cost only during the period from Apr. 1 to Jun. 30, 2019.

⁽²⁾ EBITDA is calculated as net income before interest expense, income tax expense, and depreciation and amortization. EBITDA is a non-IFRS performance measure. See slide 3.

⁽³⁾ Gross mining margin is calculated as revenue less mining energy and infrastructure costs for Backbone standalone divided by revenue. Gross mining margin is a non-IFRS performance measure. See slide 3.

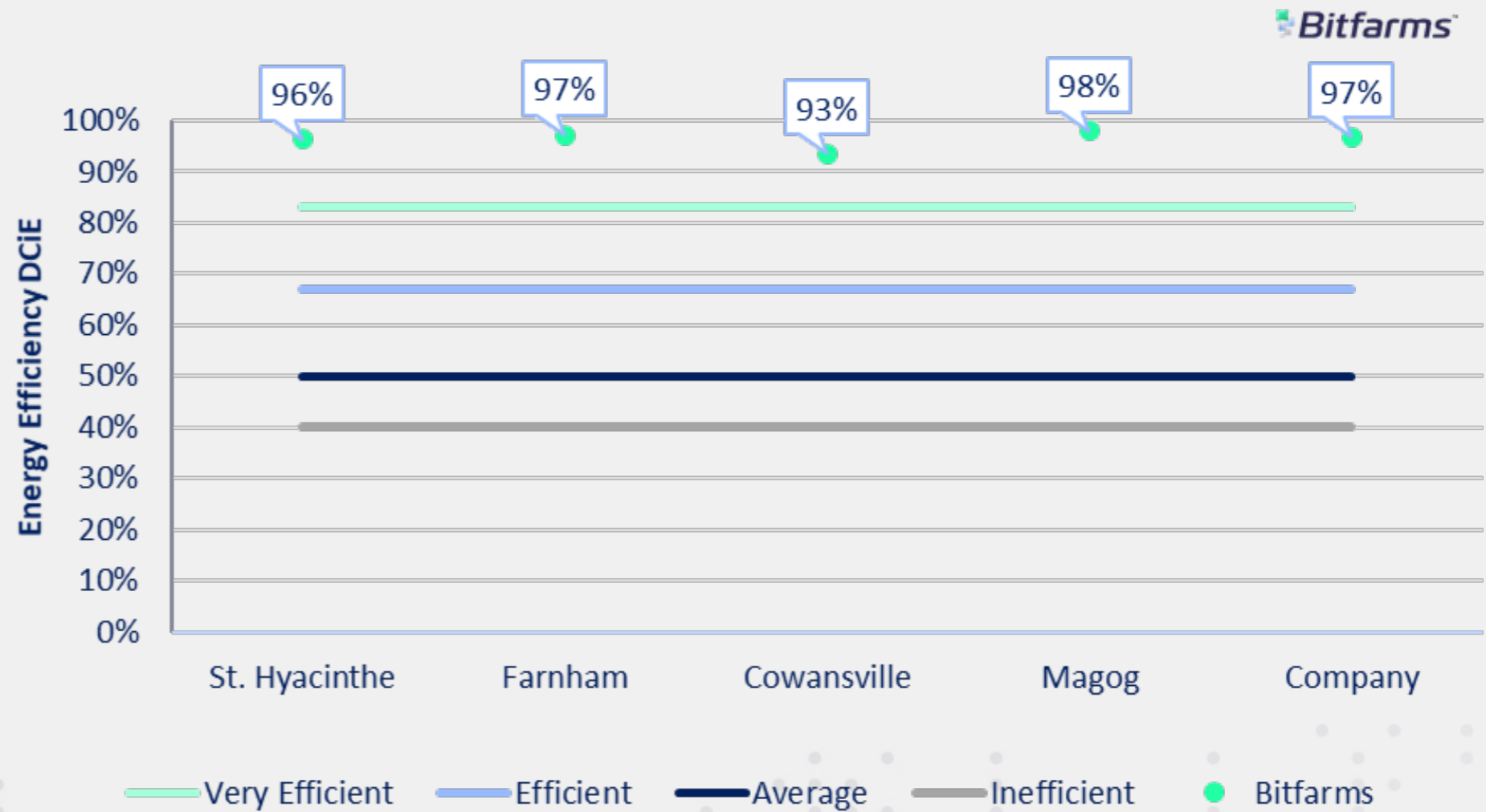
⁽⁴⁾ Adjusted EBITDA defined as EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; and (iv) other non-cash expenses. Adjusted EBITDA is a non-IFRS performance measure. See slide 3.

Power usage efficiency

97%

of all electricity consumed by Bitfarms' in Q2 2019 was used for computing power

Data Center Infrastructure Efficiency

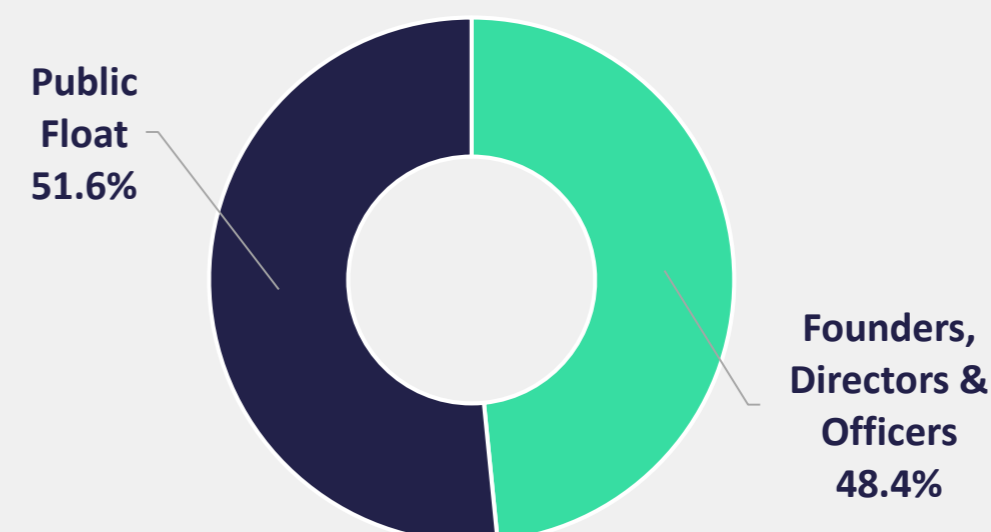


⁽¹⁾ Belady, Christian and Rawson, Andy and Pfleuger, JOHN and Cader, TAHIR; Green grid data center power efficiency metrics: PUE and DCiE, the green grid, 1-9 (2008).

Financial position & capital structure

<u>(\$USD)</u>	<u>Q2 2019</u>
Cash & Cash Equivalents	\$5.4M
Other Current Assets	\$2.0M
Total Current Assets	\$7.4M
PP&E and Intangible Assets	\$25.0M
LT Deposits & Advanced Payments on Equipment	\$7.4M
ROU Assets	\$5.1M
Total Assets	\$44.9M
AP, Accrued Liabilities & Other	\$3.3M
Current Maturities of LTD & Lease Liability	\$3.8M
Total Current Liabilities	\$7.1M
Long-term Debt	\$9.6M
Warrant Liability	\$4.2M
Lease Liability & Other	\$5.1M
Total Liabilities	\$26.0M
Total Shareholder Equity	\$18.9M
Total Liabilities & Shareholder Equity	\$44.9M

Bitfarms™ ownership



TICKER
TSXV:BITF

Share Price ⁽¹⁾ \$1.35
Shares O/S ⁽²⁾ 83.4M

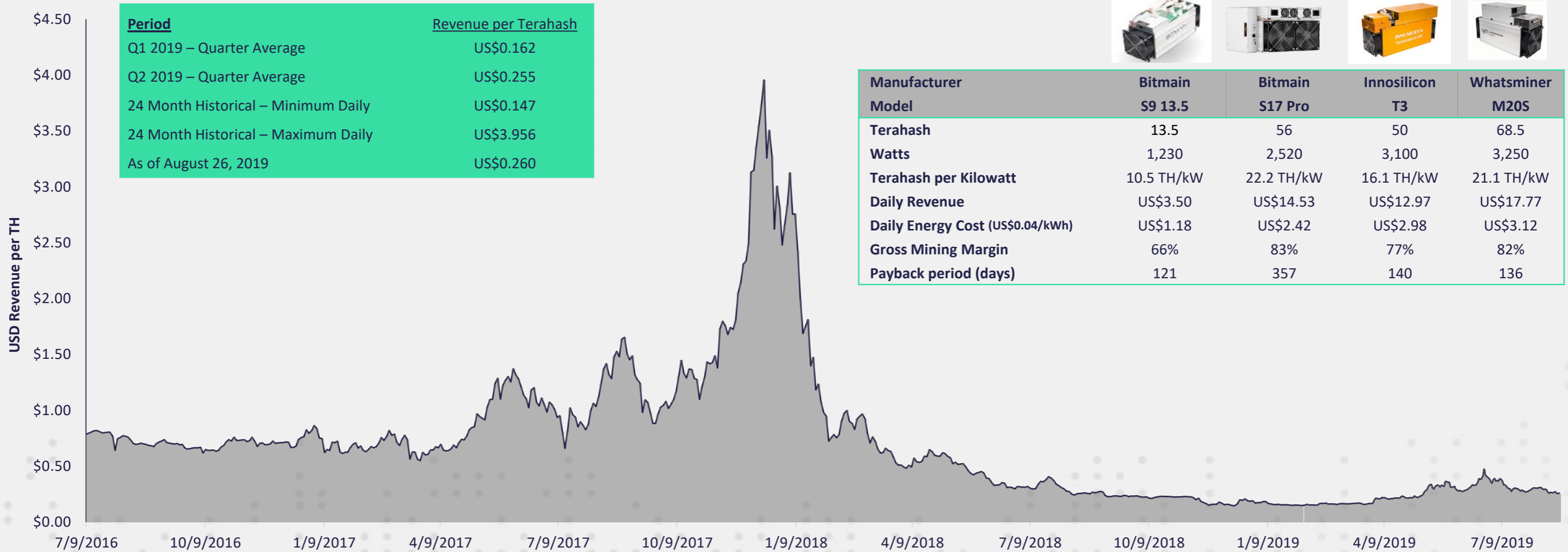
Market Capitalization \$112.6M

**All figures expressed in Canadian dollars.*

⁽¹⁾Based on TSXV closing share price as of August 27, 2019

⁽²⁾As of August 15, 2019 and the consolidation of 100% ownership of the operating entity

Revenue per terahash & current hardware



*As of August 26, 2019.

Source: https://bitinfocharts.com/comparison/bitcoin-mining_profitability.html#1y

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Growth Strategy

SECOND QUARTER 2019 CONSOLIDATED FINANCIAL
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Current funding & operational expansion

March 2019 – US\$20M Debt Financing

- Secured through New York-based Dominion Capital LLC
- Four (4) US\$5,000,000 tranches with tranche 1, 2, 3 and 4 funded on March 15th, April 17th, June 21st and Augustth, respectively
- 10% interest rate with each tranche carrying a 24-month term and balloon repayment on outstanding balances at maturity
- Monthly debt service comprised of principal and interest payment equivalent to 10% of monthly production
- Dominion has been issued 6.7M (1.67M per tranche) common share purchase warrants

Use of Proceeds



- Optimization of current operational facilities



- Construction of new 30 MW (Phase 1 & 2) computing centre within the municipality of Sherbrooke, Québec.



- Purchase new generation, high efficiency mining hardware

****As of August 2019, current new generation hardware prices range from ~\$30 - \$80 per terahash which compares to +\$200 per terahash in Q4 2017 / Q1 2018**

Operational developments



- Loan financing announcement US\$20M
- 1st US\$5M tranche
- Optimization of (4) existing data centres
- Installation of mining hardware at Magog

- 2nd & 3rd US\$5M tranches
- Purchase agreement for US\$4.4M new generation, higher efficiency mining hardware for our expansion
- Construction and installation of 30 MW of electrical infrastructure (Phase 1 & 2) of Sherbrooke, Québec.

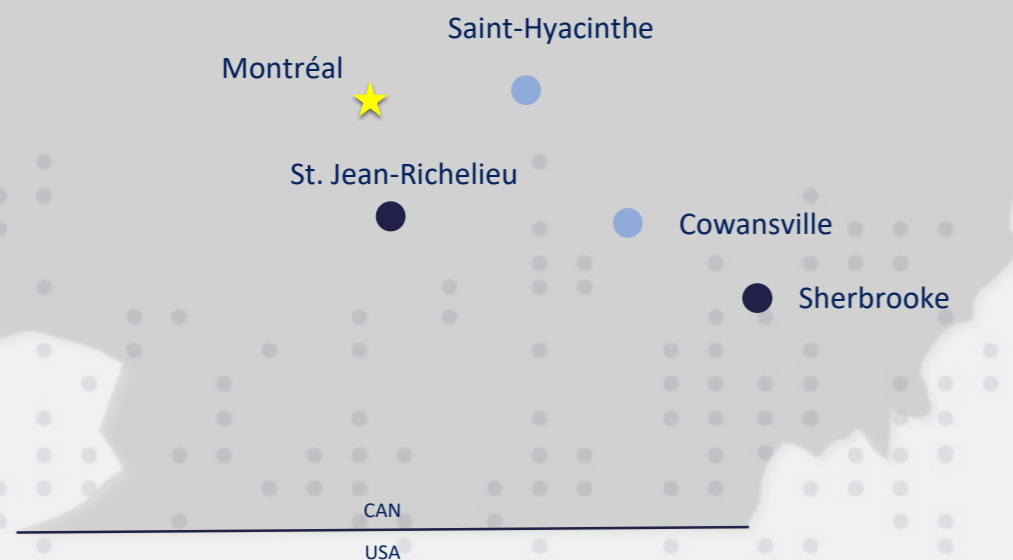
- 4th US\$5M tranche
- Purchase agreement for US\$5.7M new generation, higher efficiency mining hardware for our expansion
- Installation of new generation mining hardware at Sherbrooke data centre, Phase 1

- Installation of new generation mining hardware at Sherbrooke data centre, Phase 2


Expansion pipeline

125.5 MW; >2 XH/s*

*Assumes a variety of new generation miners.







● EXPANSION OF CURRENT OPERATIONS


Saint-Hyacinthe Phase 2, Quebec, Canada 





Facility Size  40k Sq. Ft	Power Capacity  10 MW	Property info  Leased	Energy Source  Hydroelectric
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Cowansville Phase 2, Quebec, Canada 

Facility Size  25k Sq. Ft	Power Capacity  12.5 MW	Property info  Leased	Energy Source  Hydroelectric
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● NEW FACILITIES

Sherbrooke Phase 1-6, Quebec, Canada 

Facility Size  150K Sq. Ft	Power Capacity  98 MW	Property info  Owned	Energy Source  Hydroelectric
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Saint-Jean-Richelieu, Quebec, Canada 

Facility Size  25k Sq. Ft	Power Capacity  5 MW	Property info  Leased	Energy Source  Hydroelectric
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Long-term growth plan

Bitfarms™ is committed to becoming a diversified, global-scale blockchain technology and infrastructure company



Continued operational expansion, leveraging our large scale, low cost contracted green energy pipeline



Secure additional low-cost green energy in other jurisdictions



Further vertical integration



Explore accretive M&A and business partnerships



Develop other related & complementary business verticals: MaaS, private blockchain infrastructure services, and other initiatives

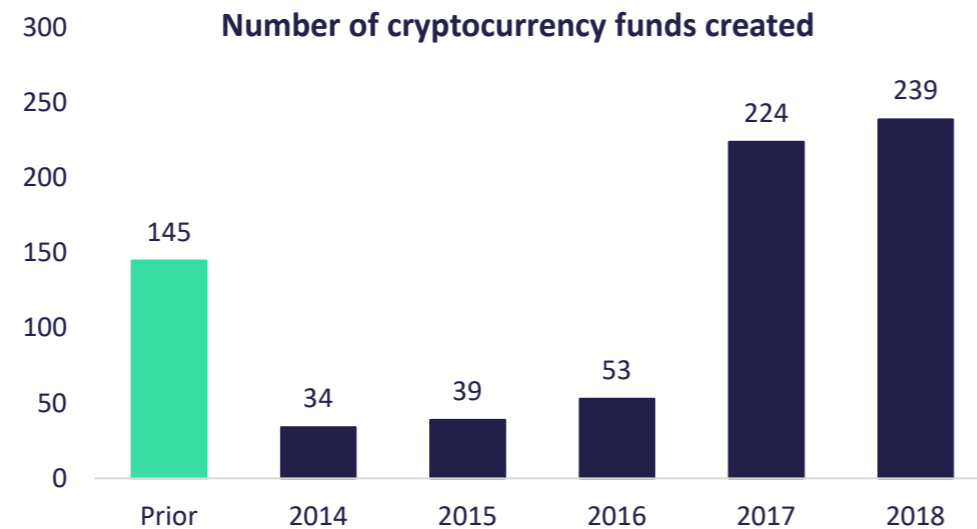
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Appendix

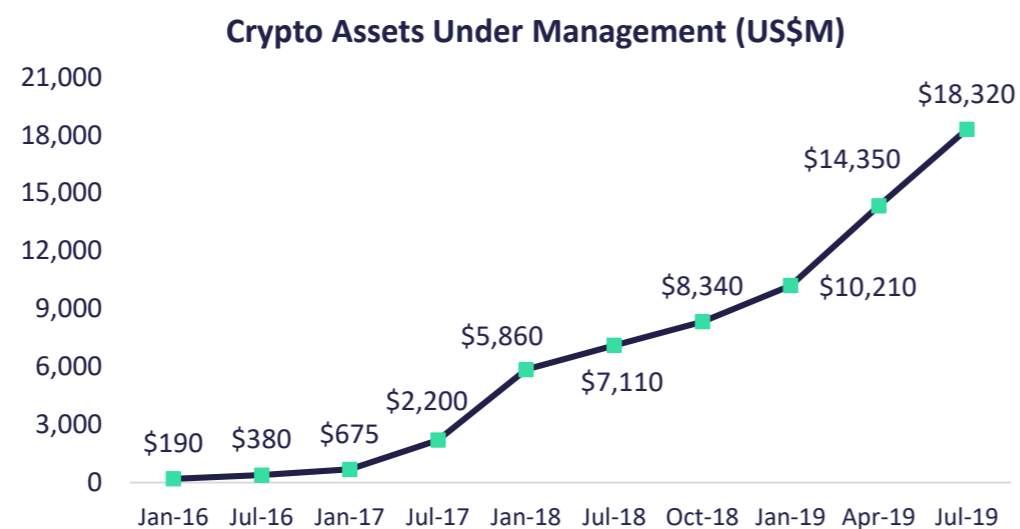
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Financial market legitimization

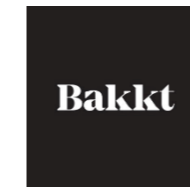
807
crypto-
currency
funds



US\$18.3B
crypto AUM



Source: Crypto Fund Research – July 2019



Bakkt, ICE’s cryptocurrency trading platform, will launch its bitcoin futures contracts product on September 23, 2019



Fidelity Digital Assets has gone live with enterprise-grade bitcoin custody and other services for large institutions



Coinbase Custody announced it has \$1 billion in assets under management; offering clients access to a secure, institutional-grade offline storage solution

“Whether institutions were going to adopt crypto or not was an open question about 12 months ago. I think it’s safe to say we now know the answer. We’re seeing \$200-400M a week in new crypto deposits come in from institutional customers,”
Coinbase CEO Brian Armstrong.

Investment highlights

Bitfarms is a blockchain infrastructure company providing an essential service: validation and verification of global cryptocurrency transactions

Bitfarms owns and operates **one of the largest mining operations in North America**

- 36 megawatts (“MW”) of data centre infrastructure supporting +20,000 miners installed across 4 operating facilities w/in Quebec, Canada
- Current installed computing capacity of 320 petahash powered by 28.7 MW with ~99% ASIC hardware dedicated to the Bitcoin network
- Hardware, infrastructure and hash power is 100% owned
- Mining facilities powered by 100% green hydroelectricity at an average price of approximately US\$0.04 / kWh
- Large contracted power portfolio totaling 160MW

Funded & Growing – **US\$20M Debt Facility in March 2019**

- First and only Canadian miner to raise significant capital in 2019
- Fully funded 5th computing centre to be online in Q4 2019 with 30MW powering new generation mining hardware

Leading cost efficiency through **scale, vertical integration and in-house operational excellence**

- Acquired Volta, an electrical contractor capable of delivering operational growth at a fraction of the time and cost vs. public peers
- Proprietary hardware monitoring software provides chip-level diagnostics on 10-second intervals and full suite of reporting capabilities; Pool platform developed and available to “turn-on” any time
- Maximum hardware “up-time” through custom-designed microelectronics repair facility (St-Jean) with staff trained in China by leading hardware manufacturer

Audited by one of the “Big Four”

First cryptocurrency company to successfully go through the “**front door**” of the OSC with a **long-form prospectus**

Strong, experienced **management team with veteran data centre and capital markets expertise**



TSXV: BITF

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